

**OFFICE OF ATTORNEY GENERAL****INSURANCE FRAUD SECTION**
TOM CORBETT • ATTORNEY GENERAL
NEWSLETTER**INSURANCE AGENT GETS TEN YEARS
FOR RIPPING OFF THE ELDERLY**

Thomas Serfass pled guilty to one count of Insurance Fraud (F3) and twenty-five counts of Theft by Deception (F3) and on May 11, 2009, was sentenced to serve 10 to 20 years state incarceration and ordered to pay restitution of \$675,525 and all court costs. Serfass, a Lehigh County insurance agent, stole the investments and savings of twenty-five senior victims. Serfass used his insurance business to market various investment products and services specifically to senior citizens in Berks, Lackawanna, Lancaster, Lehigh, Northampton and Pike counties. Serfass sold what he described as "private annuities," which promised high guaranteed interest rates, along with "asset protection policies," which further promised to help safeguard the assets of older consumers. However, instead of helping seniors invest their hard-earned money or purchase coverage to protect their assets, Serfass sold them non-existent policies and used the money to pay his own personal expenses.

Using the title of 'certified senior advisor,' Serfass targeted older residents across the Lehigh Valley and Central Pennsylvania area, stealing their money, their trust and their financial security. Serfass came to know several of the victims through his presentations at AARP meetings. Twenty-five victims, ranging in age from 60 to 85 years old, took the stand and testified about the harm they suffered, and continue to suffer, as a result of Serfass' greed. Testimony from the various victims and their families included specifics about the effect, both monetary and psychological, that the defendant's actions had on them. Several testified about how they felt they had been treated as "prey" and many were embarrassed they had fallen for Serfass' scam. Several of the victims testified they started to become concerned about their investments when telephone calls and correspondence were unanswered by Serfass.

The background and circumstances of each victim was different. Their professions and formal education varied widely. All, however, had been targeted and victimized. Many testified about the future effect this crime will have on their families. They recounted how they had worked hard to try and insure that they would be secure financially and not have to worry or be a burden on their children. Now many were dependent on their children as a result of this theft of their retirement savings. Specific examples of the troubles faced by several victims, who testified in great detail, about having to turn down their heat in the wintertime, going without various home repairs, living in government subsidized housing as opposed to their home, and forgoing meals outside the home. A number of the victims had been forced to either obtain part time jobs, or continue working past the age they had planned because of the defendant's actions.

The seriousness of this crime and the devastating impact on the victims was understood by Judge Kelly Banach and she sentenced Serfass accordingly.



- On May 26, 2009, David Strickler and Ricky David were arrested in Fayette County. According to the Criminal Complaint, Strickler reported his Dodge Ram truck stolen and filed an insurance claim with the Infinity Insurance Company. Strickler still owed over \$29,700 to Chrysler Financial. The State Police recovered the truck after it had been burned. It is alleged that Strickler gave David the keys to the truck and that David then drove it to a remote area and set it on fire. It is further alleged that Strickler enlisted David to get rid of his truck in exchange for some of the insurance proceeds. Ricky David has been charged with two counts of Insurance Fraud (F3), one count of Arson (F2), one count of Conspiracy (F2) and one count of Criminal Attempt (F3). David Strickler has been charged with two counts of Insurance Fraud (F3), one count of Arson (F2), one count of Criminal Solicitation (F2) and one count of Criminal Attempt (F3).
- On May 20, 2009, Alfred Viggiani was arrested in Pike County. According to the Criminal Complaint, Viggiani filed a homeowner's claim with the State Farm Insurance Company for the theft of a hot tub from his residence. In support of his claim, Viggiani provided a receipt showing the hot tub was purchased for over \$8,800. State Farm paid \$8,957 on the claim. It is alleged that the receipt was fraudulent in that the individual who purportedly sold the hot tub never sold one to Viggiani. It is further alleged that the hot tub was purchased for a couple of hundred dollars and then re-sold years later for a similar price by Viggiani. Alfred Viggiani has been charged with one count of Insurance Fraud (F3), Theft by Deception (F3) and Forgery (F3).



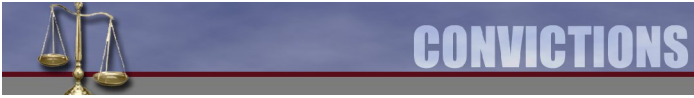
- On May 26, 2009, Neil Cooley was arrested in Allegheny County. According to the Criminal Complaint, Cooley was in an accident that slightly damaged his motorcycle. Later the same day, Cooley obtained insurance coverage for the motorcycle from the Sentry Insurance Company. During the application process, Cooley allegedly told the insurance agent that the motorcycle had no pre-existing damage. The Complaint further stated that three weeks later Cooley filed a claim with Sentry reporting that the accident occurred on May 31st, after the policy was effective. Sentry paid \$7,505.62 on the claim. It is alleged that Cooley misrepresented the date of the accident and in support of his claim, submitted a forged estimate from a local motorcycle shop. Neil Cooley has been charged with two counts of Insurance Fraud (F3 & M1), one count of Theft by Deception (F3) and one count of Forgery (M1).
- On May 28, 2009, Douglas Milbourne was arrested in Delaware County. According to the Criminal Complaint, Milbourne reported his business was burglarized and submitted an inventory of loss to the Erie Insurance Company. It is alleged that Milbourne added a computer and safe, totaling in excess of \$6,000, to the inventory list submitted to the Erie Insurance Company that were not actually stolen. Douglas Milbourne has been charged with one count of Insurance Fraud (F3) and one count of Attempted Theft by Deception (F3).
- On May 14, 2009, Mia Lott was arrested in Philadelphia County. According to the Criminal Complaint, Lott filed two claims with two different insurance companies based on her injury of damaging two teeth on a turkey chop which she claimed had a thermometer left inside. Lott filed a claim with the GAB Insurance Company regarding an incident with a turkey chop allegedly bought at ShopRite on March 22, 2008, and also with the Zurich Insurance Company regarding an incident with a turkey chop allegedly bought at Cousin's Grocery Store on April 22, 2008 reporting the same cause and type of injury. It is alleged that Lott concealed her alleged injury and claim with GAB Insurance from Zurich and, as a result, collected \$4,800

from Zurich. Mia Lott has been charged with one count of Insurance Fraud (F3) and one count of Theft by Deception (F3).

- On May 4, 2009, Jennifer Zeek was arrested in Franklin County. According to the Criminal Complaint, Zeek added comprehensive/collision coverage to her automobile insurance policy with the Westfield Insurance Company on April 14, 2008. A week later Zeek filed a claim with Westfield reporting that she was involved in an automobile accident on April 19th. It is alleged that Zeek was involved in the automobile accident prior to her adding the additional coverage to her policy. Jennifer Zeek has been charged with one count of Insurance Fraud (F3) and one count of Criminal Attempt/Theft by Deception (F3).
- On May 7, 2009, Jang Hong and Hong Distributors, Inc. were arrested in Philadelphia County. According to the Criminal Complaint, Hong is the owner of Hong Distributors, Inc., doing business as Mack Beverages and Max Beverages. An employee sustained an injury at work on August 10, 2005. It is alleged that Hong Distributors, Inc. operated without workers' compensation insurance from July 1, 2005 through March 20, 2006. Jang Hong and Hong Distributors, Inc. have been charged with two hundred sixty counts of Failure to Carry Workers Compensation Insurance (M3).
- On May 28, 2009, Dorothy Nesmith was arrested in Beaver County. According to the Criminal Complaint, Nesmith filed a claim with the Geico Insurance Company reporting that her vehicle was vandalized. Geico received an estimate from Robison Auto Body and issued a check for \$1,989.60 payable to Nesmith and Robison Auto Body. The Complaint further stated that Nesmith submitted an affidavit of missing and unauthorized endorsement to Geico denying receipt of the claim check. It is alleged that Nesmith cashed the check and forged the endorsement of Robison Auto Body. Dorothy Nesmith has been charged with one count of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (M1) and one count of Forgery (M1).

- On May 28, 2009, Stephen Keim was arrested in Berks County. According to the Criminal Complaint, Keim broke his foot and the Encompass Insurance Company received a claim on Keim's in-laws' homeowner's policy. The Complaint further stated that Keim reported to Encompass in a recorded statement that he dropped the box on his foot while repairing the floor at his in-laws' home. However, Keim reported to medical personnel that he had kicked a wall and also told one of the personnel that it happened at his home. It is alleged that Keim misrepresented the cause of his injury to Encompass to cover his medical expenses. Stephen Keim has been charged with two counts of Insurance Fraud (F3), one count of Theft by Deception (M1) and one count of Attempt/Theft by Deception (F3).
- On May 5, 2009, Dawn Gallagher was arrested in Philadelphia County. According to the Criminal Complaint, Gallagher had two credit disability policies issued through the CUNA Mutual Disability Insurance Company, insuring her on two loans. Gallagher filed a claim reporting she was unable to work for two months in 2007. The section of the form to be filled out by a doctor was purportedly signed by a doctor. It is alleged that Gallagher was not out of work during the two-month period and that she forged the doctor's signature on the form. Dawn Gallagher has been charged with one count of Insurance Fraud (F3), one count of Criminal Attempt/Theft by Deception (M1) and one count of Forgery (F3).
- On May 26, 2009, James Warner, Jr. and Vicki Burk were arrested in Blair County. According to the Criminal Complaint, Warner took his girlfriend, Burk, to the Nason Hospital for treatment of a wrist injury she sustained in a fall. Burk did not have medical insurance to cover the medical costs. Warner allegedly proposed that Burk pose as his wife in order to have his insurance with the Highmark Insurance Company cover the costs. It is alleged that Warner provided Burk with his wife's insurance information in order to obtain coverage for her wrist injury. James Warner, Jr. has been charged with two counts of Insurance Fraud (F3) and one count of Theft by Deception (M1). Vicki Burk has been

charged with two counts of Insurance Fraud (F3), one count of Forgery (M1) and one count of Theft by Deception (M1).



- Donald Seeley pled guilty to one count of Criminal Attempt/Theft by Deception (M1) in Tioga County. Seeley damaged a car with his uninsured Ford truck but fraudulently reported to the Progressive Insurance Company that he had been driving a Ford Taurus which was covered under his mother's policy in an attempt to obtain coverage for the cost of repairs. On May 18, 2009, Donald Seeley was sentenced to serve 3 to 23 months intermediate punishment with the first 2 months served in prison followed by 1 month on home confinement and ordered to pay a fine of \$250 and all court costs.
- Patricia Taylor pled guilty to one count of Insurance Fraud (F3) in Montgomery County. Taylor provided the Progressive Insurance Company with a fraudulent 1099 income form in support of a claim for lost wages stemming from a motor vehicle accident. Taylor fraudulently reported that she earned \$75,000 when, in fact, she only earned \$12,330.05. On May 8, 2009, Patricia Taylor was sentenced to serve 30 to 60 days incarceration, 4 consecutive years probation and ordered to pay a fine of \$500 and all court costs.
- Eileen Means pled guilty to one count of Criminal Attempt/Theft by Deception (F3), one count of Theft by Deception (F3) and one count of Insurance Fraud (F3). Means, owner and principal of Frankford Therapy, fraudulently billed the Lancer Insurance Company and the Rutgers Insurance Company for chiropractic treatments to five patients in a two year insurance fraud scheme. For each of those five patients, Means billed Lancer for over 50 dates of treatment, when, in fact, none of those patients visited Frankford Therapy more than 15 times. In addition, an expert's review of Means's records revealed that none of the billed treatments could have served any therapeutic purpose. On May 18, 2009,

Means was sentenced to serve 7 years probation, ordered to perform 200 hours of community service and to pay restitution of \$20,363.48 and all court costs. (Means was previously prosecuted by this office in connection with crimes committed while working at another chiropractic clinic and is on state parole through 2016 from that conviction.)

- Eddi Glorioso pled guilty to one count of Insurance Fraud (F3) in Allegheny County. Glorioso submitted a claim to the State Farm Insurance Company reporting that his vehicle had been stolen while he was at a bar. The vehicle was recovered after it had been burned. Our investigation revealed that Glorioso arranged the theft and burning of his vehicle. On May 27, 2009, Eddi Glorioso was sentenced to serve 7 years probation, ordered to perform 50 hours of community service and to pay restitution of \$14,200 and all court costs.
- Rhonda Smith pled guilty to one count of Insurance Fraud (F3) and one count of Conspiracy (F3) in Chester County. Smith's vehicle was involved in a minor accident with another vehicle. Smith and a co-defendant both submitted claims, through an attorney, to the Allstate Insurance Company for injuries they claimed they sustained in the accident. Smith and the co-defendant both reported to Allstate that Smith, the driver, and the co-defendant, a passenger, were both injured and both confirmed these allegations in sworn deposition testimony. Our investigation revealed that Smith was not in the car at the time of the accident. On May 21, 2009, Rhonda Smith was sentenced to serve 5 years probation with the first 6 months on home confinement, and ordered to pay a fine of \$500, restitution of \$10,000 and all court costs.
- Christopher McSween pled guilty to four counts of Theft by Deception (M1) and one count of Conspiracy (M1) in Montgomery County. McSween, a claims adjuster for the AAA Mid-Atlantic Insurance Company, directed homeowners to have repairs to their homes completed by a specific contractor in exchange for kickbacks from the contractor. McSween approved payments on claims

without requiring the contractor to submit estimates or confirmations that the repairs were completed. McSween forwarded checks directly to the contractor and either McSween or the contractor would endorse and cash the checks without the homeowners' knowledge or authorization. McSween issued checks to the contractor totaling approximately \$19,000 for work that was never performed and for which McSween received approximately \$7,000 in kickbacks. On May 6, 2009, Christopher McSween was sentenced to serve 4 years probation and ordered to pay restitution of \$10,800, a fine of \$5,000 and all court costs.

- Michael Mallon and Lisa Saltzman pled guilty to one count of Insurance Fraud (M1) in Montgomery County. Mallon, while employed by a law firm, added Saltzman to his company insurance with the Benefit Concepts Insurance Company. Mallon misrepresented that they were married to obtain coverage of over \$12,000 for medical visits and prescriptions. On May 1, 2009, Michael Mallon and Lisa Saltzman were sentenced to serve 3 years probation and ordered to pay restitution of \$12,989.34, joint and several, a fine of \$500 and all court costs.
- Eugene Thomas pled guilty to one count of Theft by Deception in Philadelphia County. Thomas was one of several people who bought tickets for a charter bus trip to Atlantic City knowing that the bus was going to be involved in a staged collision and then, afterwards, submitted false injury claims to the Lancer Insurance Company. The investigation also established that many of the other people making injury claims were not even on the bus. On May 1, 2009, Eugene Thomas was sentenced to serve 3 years probation, ordered to perform 50 hours of community service and to pay restitution of \$4,696 and all court costs.
- Vera Pope pled guilty to one count of Insurance Fraud (F3) in Philadelphia County. Pope took out a life insurance policy with the Transamerica Corporation on her husband. Approximately six months later, Pope filed a fraudulent claim, altering a death certificate to claim that her husband had died. On May

26, 2009, Vera Pope was sentenced to serve 2 years probation and ordered to pay all court costs.

- Joann Waldron pled guilty to two counts of Insurance Fraud (F3 & M1) and one count of Identity Theft (F3) in Bucks County. Waldron used her deceased sister's identity to renew her sister's PA driver's license as her own license was suspended and also to obtain automobile insurance with the Esurance Insurance Company. Following an automobile accident, Waldron again provided her sister's identity to the police and medical providers in an attempt to obtain over \$1,500 in benefits. On May 6, 2009, Joann Waldron was sentenced to serve 2 years probation and ordered to pay restitution of \$1,502.93, a fine of \$500 and all court costs.
- Jesus Prado pled guilty to one count of Forgery (M1) in Dauphin County. Prado's workers' compensation coverage through SWIF had expired in 2006. In order to subcontract construction work, Prado submitted false general liability insurance certificates to two construction companies. On May 5, 2009, Jesus Prado was sentenced to serve 6 months probation and ordered to pay a fine of \$200 and all court costs.
- James Lewis pled guilty to one count of Insurance Fraud (F3) in Susquehanna County. Lewis was injured in an automobile accident and received long term disability benefits from the UnumProvident Insurance Company. However, Lewis failed to report to Unum that he was employed for approximately two months while receiving benefits. On May 29, 2009, James Lewis was sentenced to serve 2 years probation, ordered to perform 50 hours of community service and to pay a fine of \$250 and all court costs.

(ARD) DISPOSITIONS

During the month of May, eight additional defendants received Accelerated Rehabilitative Disposition (ARD). Defendants who receive ARD are typically sentenced to serve 2 years probation and ordered to perform 50 hours of community service, pay full restitution and all ARD and court costs.